



State of Connecticut

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Testimony

Senate Minority Leader Len Fasano

Commerce Committee

SB 400 AN ACT ESTABLISHING THE 7/7 PROGRAM TO ENCOURAGE THE REDEVELOPMENT OF BROWNFIELDS AND UNDERUTILIZED PROPERTY Thursday, March 10, 2016

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo, and members of the Commerce Committee, thank you for the opportunity to testify on SB 400 AN ACT ESTABLISHING THE 7/7 PROGRAM TO ENCOURAGE THE REDEVELOPMENT OF BROWNFIELDS AND UNDERUTILIZED PROPERTY.

I believe Connecticut has to do more to incentivize developers to remediate brownfield sites especially in Connecticut's urban communities. We need to make the process more predictable and achievable to encourage new development and growth of viable communities.

We also have to look at ways to increase the financial incentive to remediate brownfields with no cost to state taxpayers. I have researched this issue in great detail and I today I would like to outline an alternative proposal that would do just that: the 7/7 Program, a Problem Property Development Incentive Initiative.

The 7/7 proposal is part of a compilation of proposals I'm developing and hoping lawmakers will pursue this year to strengthen our cities so that all people, no matter where they were born and no matter where they live, can embrace their right to opportunity in this great nation. Part of that plan includes enhancing communities by remediating brownfields and sparking economic growth.

The 7/7 plan works to incentivize developers to remediate brownfield sites by giving them the financial incentive to do so along with predictability with regards to the timing for approval and certainty with regards to the timing of financial incentives. It also notably ties property development to education. The current process to remediate brownfields is extremely complex and at times is a disincentive for community development. We need to streamline this process and get out of the way so that development can thrive.

Here's how the 7/7 plan works:

For blighted property that has been abandoned or underutilized for at least 10 years as verified by the municipality, this proposal seeks to provide a state tax incentive package as follows:

- For contaminated and non-contaminated property the employer will receive 100% exemption from the state income, sales and use, or corporation business taxes generated at the revitalized property for 7 years.

- For contaminated property the employer will also be able to deduct 60% of the cost to remediate the property over the 7 years following the 7 year 100% tax exemption. This deduction in years 8-14 of this program would be applied against the state income, sales and use, or corporation business taxes and would be equally distributed across those years.
- An additional benefit proposed to incentivize the remediation of contaminated property is to require that municipalities assess the property at the same level as when it was contaminated for the 5 years following the date when the property owner pulls the building permit to begin construction on the property in question.
- Under this initiative, a Licensed Environmental Professional (LEP) must certify that the property in question is a brownfield according to state statute. After clean-up work is complete, the LEP must then certify that the property was remediated. This certification must be provided to the Department of Revenue Services as well as the municipality in which the property is located. In addition, the certification must be recorded on the property's land records.
- If enacted, the General Assembly would need to include some kind of recapture provision to safeguard the state if the land is sold within the first seven years of development.


We should require that this benefit only be received by a company if they engage in the education portion of the 7/7 program. This would require participants to:

- Agree to submit to area high schools and to the community technical college system their anticipated workforce needs along with projected job requirements.
- This would allow these entities to develop and tailor curriculum specific for their organization.
- In addition, the company must certify that it will hire 30% of their total workforce from the local community through the programs that were developed specifically for that company.

I also recommend modifications to the recently enacted Brownfield Remediation Tax Credit program. This program, which is currently funded with \$20 million annually, contains many of the same hurdles that developers currently face with other brownfield programs. Under the current program, there is no predictability for the developer who may be interested in remediating and developing a non-defunct brownfield site. Therefore, we are recommending that applications for participation in this program be acted on within 90 days after submission or they are deemed approved.

I thank the Committee for raising legislation addressing the state's brownfields and hope the 7/7 program will be examined more closely and considered by Committee members.

Sincerely,



Len Fasano
Senate Minority Leader